

## Northampton: A Place for Us All Challenges and Opportunities

Northampton is a wonderful small city. People want to live here. Many who live here would not think of moving. Life is good for most of us: Solid neighborhoods, fine schools, lively arts, accessible shopping, beautiful countryside, low crime, and city services that rank at the top of the list for cities of our size. We have long prided ourselves in being a city where those who work here can also live here.

But there is a growing *housing affordability gap* in Northampton, and our city's very existence as a viable diverse community is threatened by a severe and increasing shortage of housing that individuals and families can afford. The chart on the following page documents this gap.

- **Many of us who bought homes in Northampton ten or twenty years ago could not afford to buy them today**
- **Costs of homeownership (even of condos) have increased so much that the average teacher, nurse, firefighter, or police officer in Northampton cannot afford to buy a home here**
- **Rental costs for a two-bedroom apartment are beyond the range of affordability for the average worker in the city**
- **Many of our children cannot afford to rent or buy in the community in which they have grown up.**

The Northampton Housing Partnership is sending this brochure to all Northampton households because we are coming to an important crossroad in the life of our town. Over the next few years, Northampton citizens will be making decisions that will determine what our city will look like in the future. How will we grow? Where will that growth occur? Who will be able to live here? What will happen to our open spaces? How will we support education, build infrastructure, and control traffic? It is important to all of us that the planning we undertake include the preservation and construction of housing that is affordable to people at all income levels. The outcome of these discussions will have a significant impact on what the Northampton of tomorrow will be like.

We on the Partnership hope that you will find these materials compelling, and that you will join in the planning discussions that the city will be undertaking early in 2005. If you would like more information or would like to help us advocate for affordable housing, please contact Peg Keller, Housing and Community Development Planner for the City of Northampton, at 587-1288.

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Mary Clare Higgins, Mayor  
City of Northampton

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Fran Volkmann, Chair (2003-04)

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Martha Ackelsberg, Chair (2004-05)  
Northampton Housing Partnership

# Northampton Housing Affordability Chart, 2004

Housing Costs (median home sales / average rentals)	Income Needed	Northampton Incomes	HUD Guidelines & Poverty Guideline
Single-family home, purchase price \$230,000 10% down \$23,000 <b>Monthly mortgage cost \$1,701</b>	<b>\$72,900</b>		
		75	
		70	
		65	
		60	<u>\$61,688</u> Area Median Income (AMI) family of four
		55	<u>\$55,500</u> Area Median Income (AMI) family of three
Condo, purchase price \$150,000 10% down \$15,000 / <b>Monthly mortgage cost \$1,230</b>	<b>\$52,714</b>	<u>\$52,000</u> (salary midpoint) hospital nurse	
		50	<u>\$49,350</u> 80% AMI, family of four
		45	<u>\$45,930</u> (salary midpoint) public school teachers
		40	<u>\$44,440</u> 80% AMI, family of three
3-bdrm market rate rental / <b>Monthly costs \$1,100</b>	<b>\$37,714</b>		
		35	<u>\$34,312</u> (salary midpoint) police officers fire fighters
		30	<u>\$30,850</u> 50% AMI, family of four
2-bdrm market rate rental / <b>Monthly costs \$850</b>	<b>\$29,163</b>		
		25	<u>\$27,750</u> 50% AMI, family of three
		20	<u>\$26,988</u> (salary midpoint) city road crew city parks crew bank teller
1-bdrm market rate rental / <b>Monthly costs \$650</b>	<b>\$22,286</b>		
		20	<u>\$19,500</u> (F/T Job paying \$10/hr) restaurant dishwasher, etc.
		15	<u>\$18,500</u> poverty line family of four
Source: Franklin-Hampshire Assoc of Realtors, banks, NHA		Source: Northampton City Hall	Source: HUD & HHS

NHA - Northampton Housing Authority

HUD - United States Department of Housing and Urban Development

HHS - United States Department of Health and Human Services

See facing page for more detailed explanations.

## What can this chart tell us?

A median-priced house is beyond the affordable range for over half the population of Northampton, despite a decrease of over 2% in mortgage interest rates over the past five years and a 33% increase in Area Median Income. In 1999 many workers in the city could afford a medium-priced condominium. In the past five years condominium prices have doubled, making condo ownership beyond the means of those same workers. Adding to the problem, many previously affordable rental units have now been converted into condos, further reducing housing opportunities for those in lower income brackets.

The **average** annual wage in Northampton based on a 40-hour week is \$29,345, just about the income needed to afford a two-bedroom apartment. A full-time worker earning \$10 an hour cannot even afford to rent a one-bedroom apartment. So one of the questions we face is: what can be done to ease the housing situation for the typical worker in service-sector jobs?

How can the city's existing stock of affordable housing be preserved? Is it possible to produce new affordable rental units that will be accessible to downtown jobs? What effect will housing availability have on attracting new business?

### Column 1: Housing Costs

These are median prices based on home and condominium sales in Northampton **from July 2003 to July 2004**, reported by the Franklin-Hampshire County Association of Realtors. Monthly mortgage payments are based on a 30-year mortgage at 6.25% interest, and include property taxes and insurance.

Average market rate rents are based on **information from a variety of rental agencies** and US Department of Housing and Urban Development (HUD) Fair Market Rates. They vary widely, depending on location of unit, heat/no heat, utilities/no utilities, etc.

### Column 2: Income Needed

For home ownership, income needed is based upon the 28% debt-to-income ratio that banks normally use to qualify mortgage applicants. For rentals, income needed is based upon recommended maximum of housing costs at 35% of income.

The minimum wage is currently **\$6.75** per hour.

### Column 4: HUD Guidelines and Poverty Guideline

The Area Median Income (AMI) is calculated annually according to the area of the country. HUD classifies households with incomes below 80% AMI as low-income, below 50% as very-low-income, and below 30% AMI as below the poverty-line.

## Assistance for Home Buyers, Renters, and Property Owners

**Assistance for home buyers:** Resources include *First Time Homebuyer Counseling*, a *Soft Second Mortgage Program*, *Downpayment and Closing Costs Assistance*, and a *Housing Rehabilitation Program*. For information call the Valley Community Development Corporation (586-5855, x18), Habitat for Humanity (586-5430) or HAP Housing Consumer Education Center at (413) 233-1600.

**Assistance for renters and property owners** includes *Housing Search and Mediation*, administered by the Hampshire Community Action Commission (HCAC) (582-4230), *State and Federal Rental Vouchers*, administered by the Northampton Housing Authority (584-4030) or HAP (1-800-332-9667 x 515); *State and Federally Subsidized Apartment Complexes* (Housing Authority); and information on *Tenant/Landlord Rights and Responsibilities*, available through HDP (539-9796) or Western Mass Legal Services (584-4034).

## **What is Being Done to Increase Housing Affordability?**

### **Preservation and New Construction of Affordable Housing**

Northampton's stock of affordable housing is diminishing. New construction is primarily high-end, and formerly affordable rental housing is being transformed into ever more expensive condominiums. Left to its own devices, the market for housing in Northampton will meet the needs of an ever-smaller proportion of our citizens.

In addition to a series of ongoing efforts to counteract these trends and increase affordable housing, two recent accomplishments have been the preservation of the Meadowbrook Apartments as affordable rental stock, and renovation of apartments on Michelman Ave. Construction of affordable rental units and home-ownership units has already begun at the former State Hospital.

The city encourages developers to include affordable housing in their projects through zoning incentives and other regulations, and receives applications for Community Development Block Grant (CDBG) funds to aid in the construction and preservation of this stock. In addition, the Valley Community Development Corporation, Habitat for Humanity, HAP, The Community Builders, and other organizations work unrelentingly to provide housing that is affordable to a wide range of people. Even with these efforts, however, the need for affordable units continues to grow.

In the next few months, the City will begin a major planning effort organized around the principles of *Smart Growth*. These efforts will include a priority for keeping Northampton a place where people with a wide range of incomes can live and work.

### **What You Can Do**

We hope that everyone who cares about our community will become informed about the issues and will participate in this planning. For more information and to share ideas, please contact Peg Keller, Housing and Community Development Planner, at 587-1288, or via e-mail at [PKeller@NorthamptonMA.gov](mailto:PKeller@NorthamptonMA.gov)

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